

RALEIGH-DURHAM AIRPORT AUTHORITY

MINUTES

October 18, 2001

Chairman Gibbs presided. Present: members Clancy; Lane; Parker, Sparrow; Teer and Toler. Absent: member Winston. Also present: Airport Director Brantley; Deputy Director, Operations Shackelford; Director, Customer Service & Organizational Support Damiano; Director, Major Capital Improvements Program Powell; Deputy Director, Finance, Business & Administration Gill; Deputy Director, Facilities Engineering & Maintenance Pittman; Emergency Services Manager Thompson; Ground Transportation Manager Odom; Director of Administration Umphrey; Senior Program Manager Edmondson; Program Manager Quesenberry; Communications Manager Kossoff; Environmental Manager Gilkinson; Ground Transportation Coordinator Nye; Program Manager Cayton; Information Technology Manager Schiller; Training Officer Harleston; Parking Manager White; Maintenance Manager Fulp; Public Transportation Supervisor Kiser; Information Technology Technician Oldham; Properties & Insurance Officer Quinn; Noise Officer Tovar; Business Development Officer Hairston; Accountant Marion; Project Manager Malcolm; Accounting Technician Schick; Law Enforcement Manager Waters; Communications Specialist Hamlin; Operations Manager Nelson; Administrative Assistant Gray; Executive Assistant Mitchell and Attorney Tatum.

Guests: Richard Stradling, The News & Observer; Paul Gallagher, Triangle Business Journal; Jennifer Barron, WTVD-TV; Jeff Spear, American Eagle; Matt Donkin, Federal Express; Michael Silverman, Airport Express; and Reverend Dennis Stiles.

APPROVAL OF AGENDA – There were no changes or additions to the agenda, and it was approved as submitted.

APPROVALS OF MINUTES – There were no changes to the minutes of the September 20, 2001 meeting, and they were approved as submitted.

CHAIRMAN'S COMMENTS – Chairman Gibbs had no comments at this time.

AIRCRAFT NOISE ABATEMENT COMMITTEE – Member Lane reported the Committee met on October 4, 2001 and reviewed and discussed recommendations provided by the consultant regarding the proposed locations of the noise monitors (microphones) for the permanent noise monitoring system. The Committee is making notable progress in evaluating the specifications for the monitors. At the September 20 Authority meeting, the draft Policy of the Raleigh-Durham Airport Authority for Implementation and Operation of a Permanent Aircraft Noise and Operations Monitoring System was referred to the Aircraft Noise Abatement Committee for review. The Committee discussed and commented on the draft policy prepared by staff. Staff is reviewing the changes the Committee proposed be incorporated into the policy statement and will make a report to the Authority at the next meeting.

OPERATIONS COMMITTEE – Member Sparrow reported the Committee met on October 18, 2001 and discussed the following items:

1. Report on and consideration of recommended changes in non-based airline flight crew (commuter) parking. Several years ago, the demand for public parking began to approach

available capacity, and a program that allowed airline flight deck and cabin crew members whose bases are in cities other than RDU to purchase parking in the employee lots was discontinued. This was done in order to shift available space resources to public use until sufficient supply was created. The then existing participants in the program were grandfathered, and no new participants have been accepted since that date. The current number of participants is 207. Recent parking facility construction and consolidation of employee parking in part of Park & Ride Lot 4 have increased the available space supply. Changes in airline employment at RDU also have reduced the number of employees of RDU tenants who park in those spaces. The cost to operate the employee parking facility is relatively static, while the revenue has been impacted by Midway's demise. Reinstatement of the non-based crew parking program will increase the revenue base, thus improving the net cost to provide the facility. The Authority has received numerous inquiries over the past few years from flight crew members residing in the Triangle region and beyond who have sought reinstatement of the program. It is proposed to once again make employee parking space available for use by non-based flight crew members.

Components of the program are as follows:

- Parking will be permitted in the employee parking lot adjacent to Park and Ride 4. Employees will then be transported to the terminal via shuttle.
- Use of the lot will be controlled through the existing access control system that currently manages entry and exit of over 2,300 local employees.
- Applicants must be a pilot or flight attendant.
- Applicants must be actively employed by an air carrier, all cargo carrier or affiliate that serves RDU.
- Applicants must reside in one of 15 specific counties that surround the Airport and will be required to show proof of residency.
- Parking is only permitted for official business; no personal travel parking will be permitted.
- Fees will be set and adjusted by the Airport Director in an effort to recover as much of the associated costs as possible. The initial fee has been set at \$200 per employee per year, payable in equal amounts semi-annually.

The fees charged will seek only to recover the cost associated with transportation services provided to the employees. Essentially, there is no charge for use of the parking space. The Authority recognizes that these employees have a role in the operation of the air carriers that serve RDU. When compared with employee parking fees charged by other airports, RDU is very competitive. A flight crew member who works the typical 13 days per month will only pay \$1.28 per day to park.

With the loss of Midway's significant contribution to the revenue that reimbursed part of the operating costs of the lot, an additional revenue stream will be developed. The non-based flight crew members provided a stable and reliable source of revenue. It is anticipated that as many as 600 crew members initially will participate in this program. The \$120,000 generated will offset some of the unrealized revenue result from the decline in employee users. Many of these employees use alternate methods of transportation to the Airport, such as ride sharing. Therefore, it is anticipated that much of this revenue will be new revenue versus revenue displaced from the public parking lots. Applicants must reside in one of the following 17 counties: Alamance,

Caswell, Chatham, Durham, Franklin, Granville, Harnett, Johnston, Lee, Nash, Orange, Person, Vance, Wake, Warren, Wayne and Wilson. The Committee recommended reinstating the parking program for non-based flight crew members.

Member Sparrow made a motion, seconded by Member Parker, to approve the recommendation of the Committee to reinstate the Non-based Air Crew Member Parking Program, and to allow those participants currently participating in the program who live outside the 17-county area to continue participating for the next six months (through April 30, 2002) under a grandfather provision.

Adopted.

2. Consideration of requests by Airport Express. Airport Express began operating in May 2001, replacing R&G Transportation. During this time, the owner, Michael Silverman, has made many improvements. These improvements include replacement of several vehicles with newer models, uniformed drivers and staff, implementation of a computer dispatch system, and updating terminal counter space with new signage. Mr. Silverman has requested three amendments to the Airport Express Operating Agreement: expansion of the service area; shared-ride/residential service; and an increase in rates. Currently, the Operating Agreement allows transportation services for passengers going to businesses, hotels, malls and universities to be provided within the counties of Wake, Durham and Orange only. Airport Express has received many requests to go beyond the approved area. Requests are received on a daily basis to go to military bases, hotels/motels, businesses and other locations outside the tri-county area. Staff receives weekly calls from the traveling public asking transportation rates and types of transportation services offered at RDU, and whether or not the shuttle services provide transportation out of town (e.g., to Greensboro, Fayetteville, Wilmington, etc.). The current Operating Agreement does not allow Airport Express to offer a shared ride/residential service. The ability of Airport Express to provide service to residential locations via shared ride service will give customers another choice of transportation at a more economical price than is charged by the taxicabs even though it is on a scheduled basis. The shuttles operate on the hour and half hour only. This service will not be on-demand service, and will not be in competition with taxicabs. Many other airports offer shared ride service in the same manner as is being requested by Airport Express. Airport Express' current rates have been in force since December 17, 1998. Airport Express proposes to increase its rates as follows:

	Current		Proposed		Change	
	One-Way	Round Trip	One-Way	Round Trip	One-Way	Round Trip
Within 5 miles	\$10.00	\$15.00	N/A	N/A	N/A	N/A
Students	\$15.00	\$25.00	\$17.50	\$32.50	\$2.50	\$7.50
Non-students	\$20.00	\$33.00	\$20.00	\$37.50	0	\$4.50

The Committee recommended amending the Operating Agreement with Airport Express to allow service to be provided beyond the tri-county area, to include shared ride/residential service, and to permit an increase in the current rates as related above.

Member Sparrow made a motion, seconded by Member Parker, to approve the recommendation of the Committee to amend the Operating Agreement with Airport Express to allow service to be provided beyond the tri-county area, to permit shared ride/residential service, and to allow the rates to be increased as proposed.

Adopted.

LAW, FINANCE & PERSONNEL COMMITTEE – Member Lane reported the Committee met on October 18, 2001 and discussed the following items:

1. Consideration of proposals by and recommended changes in employee health care providers. There will be changes in the health benefits packages that will be offered employees for the calendar year 2002. The Wellpath (Coventry) HMO will not be offered in 2002. This is due to numerous concerns that have been raised by employees, doctors and insurance industry professionals. Research indicates that an inordinate number of physicians are no longer participating in Wellpath's HMO plans. For 2002, it is proposed that the Authority offer the remaining two carriers from the 2001 program, CIGNA Healthcare and Partners (which has been acquired by Blue Cross/Blue Shield of North Carolina). Although there have been no significant changes in the plans offered by CIGNA and Partners as regards co-payments, prescription drug benefits and/or participating physicians and facilities, the premium costs for these plans have risen. Premiums for the 2002 Partners plan have increased 19% over those for 2001. Premiums for the CIGNA plan have increased 13%. An employee having family coverage with Partners will pay \$51.49 more per month, or \$617.88 more per year. Family coverage with CIGNA will cost an employee an additional \$37.00 per month, or \$444.00 more per year. A portion of the increased costs are passed along to the Authority as the Authority covers 100% of the cost of employee coverage and 25% of the cost of dependent coverage. With the exception of the increase in premiums, no material changes will occur in the health care benefits. Dependent dental insurance premiums remain the same in 2002 at \$23.70 per month for family coverage. The Committee recommended retaining CIGNA Healthcare and Partners as the Authority's two healthcare providers for the year 2002.

Member Lane made a motion, seconded by Member Parker, to approve the recommendation of the Committee that the Authority offer employees the health care plans of CIGNA Healthcare and Partners (Blue Cross/Blue Shield) for the year beginning January 1, 2002. Adopted.

2. Consideration of issues associated with the terminal concessions agreements and a request by one of the prime concessionaires. Terminal concessionaires are experiencing a reduction in sales that directly correlate to the events of September 11 and the subsequent shutdown of its flight operations by Midway Airlines. The complete shutdown of the Airport for two days, the following two weeks of poor revenue generation in Terminal A, and continuing poor revenue generation in Terminal C since Midway ceased operation on September 11 have strained the resources of the concessionaires and devastated one of them. Because 73% of the gates in Terminal C are now dormant, sales there have not rebounded. Concessionaires are carrying the expense of newly constructed units in Terminal C that cannot be operated to recover construction expense. Staff has developed a reduced operating and construction plan with each concessionaire that maintains a high level of service for the customer, while permitting each concessionaire to remain profitable.

Howard Lee, President of Lee Airport Concessions, made a special request for assistance from the Authority. Lee Airport is a small, DBE firm that operates six snack stores, four in Terminal C and two in Terminal A. The temporary shutdown of the Airport, termination of flight operations by Midway Airlines, and subsequent slow start up of service have forced Lee into a financially strapped position. The company is carrying the debt related to newly constructed units and

materials in the delivery process. They have utilized reserves and additionally financed funds to keep the operation open. They are completely leveraged. Staff proposes that the Authority purchase Lee's investment in its Terminal C units that are not operating. The capital costs amount to approximately \$191,000. The intent is to make funds currently used by Lee for debt repayment available for use for operations. In order for the Authority to acquire those units, however, the lien on the units and the equipment in the units will have to be eliminated. Lee has expressed concern that savings from the construction capital relief will not be enough to carry them through the March/April 2002 period. A request was made that the Authority consider short-term rent deferral. Staff is not in favor of deferring any tenant's rent at this point. Staff continues to discuss with Lee (and its lender, Anton Airfood) ways in which to restructure the loans that will afford Lee the needed operational funds, as well as provide the security the Authority needs. The Committee recommended acquiring the noted capital improvements from Lee Airport Concessions.

Member Lane made a motion, seconded by Member Parker, to approve the recommendation of the Committee to purchase the noted capital improvements from Lee Airport Concessions, subject to final legal approval, at a cost not to exceed \$200,000. Adopted.

3. Consideration of an Operating Budget Adjustment. Nationwide, airport security responsibilities have greatly increased since the September 11 terrorist attacks. One of the FAA requirements necessitates the availability of an explosive detecting canine. Currently, the Authority has to contact an outside agent to arrange for investigation of any suspect vehicle, material, package, etc, by an explosive detecting canine. The provider, Kenny Mathias, a local law enforcement officer, trains canines strictly for this purpose and sells them for \$15,000 each. He has a labrador retriever currently being trained as an explosive detecting canine that he is willing to sell to the Authority for \$7,500. The itemized expenses for the canine total \$15,000 for this fiscal year. Expenses will then be approximately \$2,000 for the canine and \$3,500 for the handler each year thereafter (the canine has a working life of about 10 years). A deposit of 50% is required. The provider will then work with the canine and the selected handler for 4-6 weeks, longer if necessary. The selected handler will be a designated RDU law enforcement officer. The canine will accompany the officer home and live with the officer at all times. It is the Authority's goal to designate a second officer to work with the canine in the event the primary handler is unable to work. The Authority plans to acquire a second canine at some point next year to work in conjunction with, and serve as an alternate or back up to, the primary canine. The Committee recommended approval of an operating budget adjustment in the amount of \$15,000 for fiscal year 2001 for the purpose of acquiring an explosive detecting canine.

Member Lane made a motion, seconded by Member Parker, to approve the recommendation of the Committee that an adjustment in the Operating Budget for Fiscal Year 2001-2002 in the amount of \$15,000 be made for the purpose of purchasing an explosive detecting canine. Approved.

LAND & DEVELOPMENT COMMITTEE – Member Teer reported the Committee met on October 18, 2001 and discussed the following items:

1. Consideration of a Change Order with Rifenburg Construction, Inc. for resurfacing of Rental Car Road under Airside/Landside Pavement & Drainage Repairs, RDU #080439. Deputy Director, Facilities Engineering & Maintenance Pittman reported on a proposed Change

Order with Rifenburg Construction, Inc. for rehabilitation of Rental Car Road. The pavement originally constructed in 1984 has failed in several areas and will present a growing hazard to vehicles and require increased maintenance and repair as the winter months approach. This work requires extreme care in coordinating construction efforts due to the requirement to maintain rental car company operations during the construction period. The Change Order amends Rifenburg's original contract for repair of W. International Drive ("Tunnel Road"), which now stands at \$523,130, and will permit the immediate rehabilitation of Rental Car Road. The cost of this work is included in the project budget, which is \$2,050,000, and will not increase as a result of the Change Order. The amount of the Change Order is \$276,000. The project is scheduled to commence on October 26, 2001 and conclude on November 16, 2001. The Committee recommended approval of the Change Order.

2. Consideration of an Agreement with O'Brien/Atkins Associates, PA for architectural/engineering and other professional services for New Authority Operations Center, RDU #070369. Senior Program Manager Edmondson reported on a proposed Agreement with O'Brien/Atkins Associates, PA that authorizes architectural, engineering and other professional services for the New Authority Operations Center. The authorized services include project program development and schematic design phase services. Other design and construction phase services will be authorized by an amendment to the Agreement at a later date. The maximum fee for the services authorized at this time is \$208,120. Funds are available in the project budget. The Committee recommended approval of the Agreement with O'Brien/Atkins Associates, PA.

Member Teer made a motion, seconded by Member Lane, to approve the recommendations of the Land & Development Committee. Adopted.

AMERICAN AIRLINES/AMERICAN EAGLE SUBLEASE – Attorney Tatum reported on a request received from American Airlines for approval of a sublease agreement with American Eagle. American Eagle reestablished service at RDU several years ago. As a part of that operation, American Eagle subleased a 650 s.f. office area from American Airlines. No formal action was ever requested by American nor taken to approve the sublease. American Eagle is now handling alcoholic beverages in the space. Prior to issuing an ABC license, the Wake County ABC board requires approval of the sublease between American Eagle and American Airlines. Attorney Tatum recommended approval of the sublease agreement.

Member Clancy made a motion, seconded by Member Lane, to approve the sublease agreement between American Airlines and American Eagle. Adopted.

AMERICAN EAGLE REQUEST – Airport Director Brantley reported American Eagle has requested of the Authority indefinite relief from the Amended Aircraft Engine Runup Policy and Regulations which was adopted by the Authority on September 20, 1988. As of November 1, 2001, American Eagle will be operating 41 flights a day at RDU, with seven aircraft remaining overnight. The airline will be utilizing Embraer-135 Regional Jets with two new generation high bypass Rolls-Royce AE30071/3 engines. Eagle has a small overnight maintenance base at RDU with 16 licensed aircraft mechanics. The Embraer-135, which provides the RDU service, has a maintenance task requirement that is part of a Periodic Service check done every seven days called the Thrust Assurance Check. This is a scheduled task, the purpose of which is to ensure that both powerplants are making take-off power without exceeding certain engine

parameters. During this check, the engines are run at 100% power for thirty seconds and the necessary information recorded. American Eagle is severely restricted in its ability to complete these Thrust Assurance Checks if required to abide by the Amended Aircraft Engine Runup Policy and Regulations currently in effect. American Eagle has requested relief such that it may accomplish the necessary Thrust Assurance Checks at 100% power for 30 seconds on up to five aircraft, seven nights a week. Every effort will be made to complete these checks prior to 12:00 midnight. The new generation regional jet aircraft are far quieter than the Stage II aircraft flying in 1988 when the Engine Runup Policy was adopted. Noise monitoring tests conducted by staff determined that the engine runup noise could not be detected outside the Airport boundary. Airport Director Brantley recommended granting American Eagle a limited exception to the policy as follows:

1. The exception applies only to regional jet aircraft seating 50 passengers or less whose type certificate was issued by the Federal Aviation Administration after 1991.
2. FAA-certified mechanics engaged by an operator of such aircraft that serves and overnights aircraft at RDU may perform engine runups at power settings up to 100% of maximum rated power on not more than five of such aircraft each night between the hours of 10:00 p.m. and 7:00 a.m. local time. No more than one runup of one minute maximum duration shall be performed on each aircraft. Each aircraft on which an engine runup permitted by this exception is performed shall have been operated in revenue service on either or both the inbound flight into RDU following whose arrival the runup is performed or the outbound flight out of RDU prior to whose departure the runup is performed.
3. Every effort shall be made to complete all such runups prior to 12:00 midnight each night.
4. Runups may be performed either in the location specified by the Amended Aircraft Engine Runups Policy and Regulations or, alternatively, on the Terminal C aircraft parking apron at Spot #1 with the aircraft positioned with its fuselage parallel to the centerline of Runway 5L-23R, its nose pointing northeast, and its nose gear on Spot #1.
5. The exception will become effective on November 1, 2001 and extend until May 1, 2002. Operations under the exception will be evaluated by Authority staff and a report and recommendation on whether or not to continue the exception and, if so, under what conditions made to the Airport Authority on April 18, 2002. The Authority reserves the right at any time during this six-month period to terminate or modify the exception if it determines that such action is necessary.

Member Teer made a motion, seconded by Member Parker, to grant American Eagle a limited exception to the Amended Aircraft Engine Runup Policy and Regulations as specified, to become effective November 1, 2001. Adopted.

MEMBER COMMENTS/REPORTS – Member Teer commented that although staff has additional stress and responsibilities due to the enhanced aviation security situation, he appreciated everyone's efforts to carry on.

GENERAL COUNSEL'S REPORT – Attorney Tatum requested that the Authority authorize the Airport Director to execute certain documents related to the proposed assignment by the Lichtin Corporation, which is constructing a new hangar, of the hangar lease to L&P Airport Hangar, LLC at the proper time following legal review.

Member Teer made a motion, seconded by Member Sparrow, to authorize the Airport Director to execute

certain documents related to the proposed assignment of a hangar lease by the Lichtin Corporation to L&P Airport Hangar, LLC, pending final legal review. Adopted.

American Airlines has advised that it intends to make changes in its currently outstanding RDU Special Facility Revenue Bonds. The bonds are currently in the form of variable rate debt. The bond indenture allows American to convert the debt to fixed rate. These are administrative modifications. There are no changes that create administrative risk to the Authority.

Member Sparrow made a motion, seconded by Member Parker, to authorize the Airport Director to take the administrative actions necessary to accommodate American Airlines' request to convert its RDU SFRB debt from variable to fixed rate. Adopted.

Attorney Tatum reported that the Authority has been accepted as an ex officio member of the creditors committee for the Midway Airlines bankruptcy proceedings. Staff is monitoring the actions with respect to Midway's debt obligations.

AIRPORT DIRECTOR'S REPORT –

There was no passenger activity for five days in September (September 11-15) due to the terrorist attacks in New York and Washington and the following shutdown of the nation's air transportation system.

- Enplaned passengers for September 2001 totaled 229,140 versus 401,637 for September 2000 for a 43.0% decrease. Year-to-date 2001 enplaned passengers totaled 3,860,435 versus 3,849,276 for year-to-date 2000 for a 0.3% decrease.
- Deplaned passengers for September 2001 totaled 225,539 versus 398,742 for September 2000 for a 43.4% decrease. Year-to-date 2001 deplaned passengers totaled 3,867,034 versus 3,886,031 for year-to-date 2000 for a 0.5% decrease.
- Enplaned air cargo for September 2001 totaled 7,748,052 pounds versus 11,094,000 pounds for September 2000 for a 30.2% decrease. Year-to-date 2001 enplaned air cargo totaled 91,327,692 pounds versus 96,058,923 pounds for year-to-date 2000 for a 4.9% decrease.
- Deplaned air cargo for September 2001 totaled 9,199,910 pounds versus 12,074,892 pounds for September 2000 for a 23.8% decrease. Year-to-date 2001 deplaned air cargo totaled 94,370,678 pounds versus 100,392,224 pounds for year-to-date 2000 for a 6.0% decrease.
- Weekday scheduled flight departures for September 2001 totaled 194 versus 295 for September 2000 for a 34.2% decrease.
- Aircraft operations for September 2001 totaled 16,427 versus 24,497 for September 2000 for a 33.0% decrease. Year-to-date 2001 aircraft operations totaled 217,432 versus 220,029 for year-to-date 2000 for a 1.2% decrease.
- The number of vehicles exiting the terminal area public parking lots during September 2001 totaled 137,149 versus 185,639 for September 2000 for a 26.1% decrease. The year-to-date 2001

number of vehicles exiting the terminal area public parking lots totaled 1,815,919 versus 1,737,962 for year-to-date 2000 for a 6.6% increase.

- The number of taxicab trips taken during September 2001 totaled 7,827 versus 13,085 during September 2000 for a 40.2% decrease. The year-to-date 2001 number of taxicab trips taken totaled 100,023 versus 108,677 for year-to-date 2000 for an 8.0% decrease.
- The majority of the air carriers are reporting 70-80% load factors in the last week. They have grown steadily since September 11.
- Holiday bookings are very strong with very few cancellations having occurred.
- Continental and Delta brought back some flights they had previously canceled.
- As of November 1, there will be 190 scheduled airline departures a day from RDU.
- Midwest Express will turn over its Milwaukee service to Skyway Airlines on November 1.
- There has been a marked increase in airline charter requests. The tour business has accelerated and appears to be a more preferred mode of travel.
- The National Guard has deployed its forces at the airport. The Authority extends its appreciation for their assistance. The Guard has done a great job and been very helpful in preparing customers prior to transiting the terminal checkpoints.
- Long lines and significant backups have been experienced at the Terminal A security checkpoints, particularly on Friday, Sunday and Monday mornings. Progress is being made with staffing adjustments and equipment changes.
- RDU's Emergency Medical Services Unit was awarded "Best Overall EMS/Rescue Display" for their display at the Wake County Public Safety Day events held on September 29. A plaque was presented to Emergency Manager Thompson.
- Deputy Director, Business, Finance and Administration Gill reported September revenues were \$4.3 million. Year-to-date landing fees are 1.5% under budget, but are 12% higher than last year-to-date. September landing fees are more reflective of activity in August. Concession revenues in Terminal C and Terminal A are unavailable at this time. Parking revenues for September decreased 2.8%, or \$700,000 under budget. Year-to-date revenues are 2.0% over the original budgeted amount. Rental car gross revenues decreased \$2.5 million for the month. In-flight catering fees are 44% below budget. Passenger traffic and concession revenues continue to improve. No major expense changes are anticipated.

ADJOURNMENT - There being no further business, Chairman Gibbs adjourned the meeting.

Respectfully submitted,

J. Ray Sparrow, Secretary

CORRECT ATTEST:

Kenneth D. Gibbs, Sr., Chairman